GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:558
ANSWERED ON:20.11.2007
HIKE IN CEMENT PRICE
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the supply of cement in the country has been affected and the prices have gone up recently;

(b) if so, the increase in prices of cement registered during the last one year, month- wise;

(c) the impact thereof on the construction industry;

(d) whether the Builders Association of India has protested by announcing stoppage of construction activity in the country against unfair business practices by cement manufacturers;

(e) if so, the action taken/proposed to be taken by the Government against the cement manufacturers; and

(f) the steps taken by the Government to bring down the prices of cement ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI ASHWANI KUMAR)

(a) & (b) : The production and despatches of cement have been increasing every year. A s per the Cement Manufacturers' Association, the total production of cement was 127.57 million tonnes, 141.81 million tonnes and 155.66 million tonnes in 2004-05, 2005-06 and 2006-07 respectively. The average price of cement has increased from Rs. 158 per bag in December, 2005 to Rs. 231 per bag in October, 2007 due to demand-supply mismatch. The details of month-wise prices are given in the Annexure.

(c): Any increase in the costs of inputs like cement, steel etc. will have a consequential impact on the construction industry.

(d) & (e) : The Builders' Association of India have represented against alleged cartelization by the cement manufacturers. The Monopolies and Restrictive Trade Practices Commission (MRTPC), a quasi-judicial body, is already seized of the matter.

(f) : The Government have taken a number of measures to increase the supply of cement in the market to cater to increased demand. These include facilitating import by reducing the import duty on cement to 'Nil', removal of countervailing duty and special additional custom duty, etc. Further, MMTC Ltd, a Government of India enterprise and TANCEM, a State Government enterprise of Tamil Nadu have been given a special dispensation to import cement under the provisions of Cement (Quality Control) Order, 2003 to enable availability of significant quantities of imported cement in the market. With these measures, the prices of cement have stabilized to a large extent showing an increase of only 2.67% between March and October, 2007.

ANNEXURE

STATEMENT RFERRED TO IN REPLY TO PART (a) & (b) OF LOK SABHA UNSTARRED QUESTION NO. 558 FOR ANSWER ON 20.11.2007 REGARDING HIKE IN CEMENT PRICE

Year	Month	Average Price in Rs. per bag	Increase in Price since Dec., 2005	Percentage increase in price since Dec, 2005
2005	December	158		
2006	January	163	5	3.2%
	February	175	17	10.8%
	March	189	31	19.6%
	April	199	41	25.9%
	May	200	42	26.6%
	June	201	43	27.2%
	July	201	43	27.2%
	August	201	43	27.2%
	September	202	44	27.8%
	October	205	47	29.7%
	November	208	50	31.6%

	December	209	51	32.3%
2007	January	209	51	32.3%
	February	212	54	34.2%
	March	225	67	42.4%
	April	226	68	43.0%
	May	226	68	43.0%
	June	227	69	43.7%
	July	229	71	44.9%
	August	231	73	46.2%
	September	231	73	46.2%
	October	231	73	46.2%